



Special Notice

STATE BOARD OF EQUALIZATION

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1-800-400-7115
TTY
711



Lumber and Engineered Wood Products 1% Assessment Begins January 1, 2013

Beginning January 1, 2013, purchases of lumber products and engineered wood products for use in California will be subject to a one percent (1%) assessment based on the selling price of the products.

What is required of retailers under this new law?

Under the new law ([Public Resources Code sections 4629 – 4629.13](#)), retailers selling lumber products and engineered wood products will be required to:

- Charge and collect the 1% assessment on sales of lumber products or engineered wood products.
- Separately state the amount of the 1% lumber assessment on the sales receipt given to the customer. The separately stated amount may be designated as “lumber products assessment” or “LPA” or “lumber assessment” or “lumber fee” or “lumber.”
- Report and pay the lumber products assessment to the Board of Equalization (BOE) as part of their electronically filed sales and use tax return ([eFile](#)).
- Notify the BOE if their sales and use tax return does not include the lumber assessment schedule.

Retailers may offset their reported lumber products assessment amounts against start-up costs of \$250 per business location.

What is required of purchasers under this new law?

Purchasers, including construction contractors, who purchase lumber products or engineered wood products for use in this state without paying the 1% assessment to a registered California retailer at the time of their purchase must register with the BOE to report and pay the assessment directly to the BOE beginning January 1, 2013.

This new law may affect you.

BOE information indicates that you may be a retailer of lumber products or engineered wood products. Therefore, we have updated your electronic filing status to include a lumber products assessment schedule for use when efilings your sales and use tax return. The law requires electronic filing of the lumber products assessment.

If you do not currently file online using eFile and are a retailer of lumber or engineered wood products, go online to www.boe.ca.gov, click the [eServices](#) tab, and follow the instructions to begin efilings your sales and use tax return.

What products are subject to the lumber assessment?

In general, lumber products and engineered wood products subject to the 1% assessment are defined as “primary” wood products produced directly from forest trees in which wood is a principal component (at least 10% of total content).

However, wood products that have been manufactured, assembled, processed, or produced from primary wood products are *not* subject to the 1% assessment. These include “secondary” wood products, where there has been additional labor that adds significant value to the product. See the examples of products subject to the assessment and products not subject to the assessment which follow:

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SUBJECT TO LUMBER ASSESSMENT	NOT SUBJECT TO LUMBER ASSESSMENT
Lumber	Furniture
Plywood particle board	Firewood
Fiberboard	Paper products
Poles	Indoor finished flooring
Posts	Wainscoting (<i>facing or paneling applied to walls</i>)
Structural panels	Paneling
Decking	Shutters
Railings	Blinds
Fencing (<i>poles, solid board</i>)	Frames
Roofing (<i>shakes and wooden shingles</i>)	Windows
Siding	Doors
Sub-flooring	Cabinets
Oriented strandboard	Molding
Glue-laminated timber	Millwork (<i>for example, baseboards</i>)
Laminated veneer lumber	Trusses
Lath (<i>for example, a thin narrow strip of wood used for support</i>)	Pre-constructed railing sections
	Carvings and craft products

What if you do not sell lumber or engineered wood products?

If you do not sell lumber or engineered wood products as defined above, and therefore, do not need the lumber products assessment schedules when you efile, contact our Taxpayer Information Section at 1-800-400-7115 or your local BOE office.

For more information.

If you have questions or would like additional information regarding the lumber products assessment, you may call our Taxpayer Information Section at 1-800-400-7115 (TTY:711) Monday through Friday 8:00 a.m. to 5:00 p.m. (Pacific time), excluding state holidays, or go online at www.boe.ca.gov to view BOE's Frequently Asked Questions (FAQs) and our lumber products assessment page at www.boe.ca.gov/industry/lumber_products.html.